

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING EMPLOYEES RETIREMENT SYSTEM

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

April 23, 2015
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:32 a.m.

Present: Dedic, McCaffery, Munroe, D. Parker, M. Parker, Wood – 6
Absent: Trustee Bernero, Kraus, McIntyre

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill (representing the City Attorney's Office).

It was moved by Trustee McCaffery and supported by Trustee Dedic to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of March 19, 2015.

Adopted by the following vote: 6 - 0

There were no public comments.

Secretary's Report. 1 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total active membership: 299. Total deferred: 67. 0 death(s). Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of March 2015, amounted to \$1,876,621.05. Total retirement checks printed for the ERS System: 905. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Wood and supported by Trustee Munroe to approve the following requests for Regular Age & Service Retirement:

David A. Miller (Public Service/UAW), 16 years, 3 months of service credits, age 52, effective March 1, 2015 (NonDuty Death)

Gregory Vansteel (Transportation/UAW), 13 years, 2 months of service credits, age 58, effective May 8, 2015.

Sean C. Pierce (Public Service/UAW), 25 years, 2 months of service credits, age 53, effective May 23, 2015.

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It was moved by Trustee Wood and supported by Trustee Munroe to approve the following requests for Regular Age & Service Retirement (continued):

Ms. Williams explained the Employees Retirement System Ordinance provision for NonDuty Death.

Adopted by the following vote: 6 – 0

There were no requests for duty disability retirements.

Ms. Williams reported that the Medical Director contacted the Retirement Office and requested additional documents from Applicant #2014 – E0619. Ms. Williams contacted the applicant with the Medical Director's request.

Trustee Wood inquired if the disability policy provided for a time limit in which a request can be kept on the agenda.

Attorney Ken Lane that the disability policy did not address time limits for a request on the agenda. Attorney Lane noted that the Police and Fire Retirement Board had a similar situation. Attorney Lane recommended that the request be kept on the agenda until the next meeting. He indicated that at that time, the ERS Board could revise its policy or send a letter to the member requesting that he re-apply.

It was moved by Trustee Wood and supported by Trustee Dedic to approve the requests for Refund of Accumulated Contributions:

*Craig T. Hubert, Teamster 580, \$241.84 (not vested)

*Jack W. Jackson, UAW-Deferred, \$8,350.69 (deceased, beneficiary to receive accumulated contributions)

*Melissa L. Klingbeil, Teamster 214, \$2863.34 (not vested)

Karen Williams explained the Employees Retirement System Ordinance provision to allow refunds of accumulated contributions to the beneficiary of a deceased member.

Adopted by the following vote: 6 – 0.

Karen Williams reported that Trustee Kraus and Trustee McIntyre indicated that they would not be able to attend the April Meeting.

The Employees Retirement System Board noted that Trustee Kraus and Trustee McIntyre are ex-officio members that do not need to be excused.

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Trustee Dennis Parker requested Board permission to attend the NCPERS Annual Conference.

It was moved by Trustee Dedic and supported by Trustee Wood to allow Trustee Dennis Parker to attend the NCPERS Conference, May 2 through May 7, 2015.

Adopted by the following vote: 6 – 0

Karen Williams reminded members that MAPERS Spring Conference that will be held in May 17-19, 2015. Members who wished to attend should contact the Retirement Office to register.

Karen Williams provided recommendations from Asset Consulting Group (ACG) regarding due diligence visits. ACG provided the following options: Chicago to see custodial bank Northern Trust and investment manager, William Blair; Los Angeles and Salt Lake City to see investment managers, Western Asset, Franklin Templeton and Wasatch. Ms. Williams also noted that Wasatch is hosting a client/consultant conference September 28-29. The ERS Board will discuss the options further at the Joint meeting with the Police and Fire Retirement Board. Trustee Training with Asset Consulting Group will be scheduled.

Attorney Ken Lane reported that Northern Trust sent documents to the Employees Retirement System Board and the Police and Fire Retirement System Board indicating that both systems were entitled to refunds from a class action lawsuit. Attorney Lane explained that the law suit is related to the indirect security lending system. The City of Lansing Retirement Boards participates in direct securities lending.

Attorney Lane reviewed how securities lending operates. Attorney Lane explained that the lawsuit did not allege anything illegal, but sated that Northern Trust could have made more money with better investment choices. Attorney Lane indicated that the lawsuit does not relate to their duties as custodial bank.

Attorney Lane did not have a Retirement Ordinance update. Attorney Lane distributed the annual report policy and a draft requested by the Board detailing how the ERS Board has addressed the financial audit comments. Attorney Lane informed the ERS Trustees that the Police and Fire Board approved the letter with corrections.

It was moved by Trustee Mark Parker and supported by Trustee Dedic to approve the draft provided by Attorney Ken Lane detailing how the ERS Board had addressed the financial audit comments with its amended annual report policy.

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Ms. Angela Bennett reviewed the letter and suggested a stronger statement to include the annual report policy was amended in conjunction with the Board, Finance Director and the Actuary. Ms. Bennett also noted that last year, staff had to address an urgent request from Tegrit to provide information so the software process could continue. The request delayed the information to the actuary.

Recently, Tegrit has experienced some staff turnover that might affect data migration. The Finance staff has expressed concern that these changes may require their resources to complete the Tegrit project.

Trustee Wood stated that the letter drafted was to address the repeat comments that were a part of the audit. The letter would demonstrate that the ERS Board took the comments seriously.

Ms. Bennett noted that the Finance Department does respond to the audit comments with an explanation of delays in the actuary data. Ms. Bennett mentioned that change in actuarial firms and the health care OPEB valuation.

Trustee Dennis Parker inquired if we can amend the policy if needed. Attorney Ken Lane responded that the ERS Board to amend its policies to allow for updates or delays,

Trustee Dedic stated that the Finance Department can alert the Board when there would be delays and that information can be acknowledged in the minutes.

Adopted by the following vote: 6 – 0.

Angela Bennett reviewed the Employees Retirement System projections analysis of the effect of recent collective bargaining agreements on future City contributions. Ms. Bennett had a study completed by Boomershine Consulting Group to determine and isolate the impact of these agreement changes. The study was paid for by the City. The study did not include the actions of the Retirement Board regarding changes to the interest rate and amortization.

Trustee Dedic asked Ms. Bennett provide a written correspondence detailing what was requested from Boomershine Consulting Group for the study.

Trustee Wood informed the Employees Retirement Board that as part of the budget process, the Financial Health Team has been requested to provide a recommendation for pension and health care. Trustee Wood indicated that the Financial Health Team has not met with the Retirement Boards. Trustee Wood recommended that the Retirement Boards instead an invitation to the Financial Health Team to review the amendments put in place to improve the health of the retirement systems.

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Ms. Bennett indicated that she had provided information to the Financial Health Team regarding Retirement Board actions to change the assumed rate or return and to close the amortization period.

Trustee Dedic explained that the Boards have not been notified of the requests given to the Financial Health Team.

Trustee Wood suggested that she could provide a communication from City Council informing the Retirement Boards that the Financial Health Team has been requested to provide a recommendation for pension and health care.

Karen Williams reported that a former employee sent a letter to the Retirement Office requesting a return of accumulated contributions. The former employee was employed from 2004 through 2006 and did not take her contributions at the time that she left. The Retirement Office informed the former employee that the Retirement Ordinance sets a time limit in which a member can receive their contributions upon separation from the City.

The Retirement Board reviewed the former employee's letter and requested legal review.

Attorney Ken Lane states that the Retirement Ordinance provides for five years in which a former member can request contributions if they are not eligible for retirement. Attorney Lane recommended legal counsel sending a letter of response to the request.

It was moved by Trustee Wood and supported by Trustee Dedic to have legal counsel provide a written response to the former employee's letter of request of accumulated contributions.

Adopted by the following vote: 6 – 0.

Karen Williams updated the Employees' Retirement System Board regarding Tegrit Pension Software project. Karen Williams explained that Tegrit requested to reschedule its web site estimator demonstration to the May Board meeting. Tegrit needed additional time to complete the system. Retirement Office user testing was scheduled to begin in May.

The Equity Long/Short discussion remained tabled until the May Employees Retirement System meeting.

Ms. Williams reminded the Employees Retirement System Board that the May Joint meeting be held first and followed by the ERS meeting, so that members could discuss the Equity Long/Short investment with Asset Consulting Group.

Ms. Williams presented the Monthly Investment Report and Securities Lending Report for the month of March 2015.

It was moved by Trustee Wood and supported by Trustee Munroe to adjourn the Employees Retirement System Board meeting.

Adopted by the following vote: 6 – 0.

The meeting adjourned at 9:23 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Dennis R. Parker, Chairperson
Employees' Retirement System